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BEFORE THE ARIZONA CORPORATION

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IN THE MATTER OF THE JOINT)
APPLICATION OF VERIZON CALIFORNIA,) DOCKET NOS.
INC., VERIZON LONG DISTANCE, LLC,) T-01846B-09-0274
VERIZON ENTERPRISES SOLUTIONS, LLC,) T-03289A-09-0274
FRONTIER COMMUNICATIONS CORPORATION,) T-03189A-09-0274
NEW COMMUNICATIONS OF THE SOUTHWEST,) T-20679A-09-0274
INC., AND NEW COMMUNICATIONS ONLINE) T-20680A-09-0274
AND LONG DISTANCE, INC., FOR APPROVAL) T-20681A-09-0274
OF THE TRANSFER OF VERIZON'S LOCAL)
EXCHANGE AND LONG DISTANCE BUSINESS.) PROCEDURAL
CONFERENCE

At: Tucson, Arizona
Date: June 30, 2009
Filed: JUL 08 2009

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1 BE IT REMEMBERED that the above-entitled and
2 numbered matter came on regularly to be heard before the
3 Arizona Corporation Commission, 400 West Congress,
4 Tucson, Arizona, commencing at 4:02 p.m. on the 30th of
5 June, 2009.

6 BEFORE: BELINDA A. MARTIN, Administrative Law Judge
7

8 APPEARANCES:

9
10 For the Arizona Corporation Commission Staff:

11 Ms. Maureen A. Scott
12 Staff Attorney, Legal Division
13 1200 West Washington Street
14 Phoenix, Arizona 85007
15 (Appearing via teleconference)

16 For Frontier Communications:

17 SNELL & WILMER, L.L.P.
18 By Mr. Jeffrey W. Crockett
19 One Arizona Center
20 400 East Van Buren
21 Phoenix, Arizona 85004
22 (Appearing via teleconference)

23 and

24 Frontier Communications Corporation
25 By Mr. Kevin Saville
(Appearing via teleconference)

1 APPEARANCES:

2

For Verizon:

3

LEWIS AND ROCA, L.L.P.

4

By Mr. Michael T. Hallam

40 North Central Avenue

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Phoenix, Arizona 85004

(Appearing via teleconference)

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COLETTE E. ROSS

Certified Reporter

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Certificate No. 50658

(Appearing via teleconference)

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1 ALJ MARTIN: This is a procedural conference in
2 the matter of the joint application of Verizon
3 California, Inc.; Verizon Long Distance, LLC; Verizon
4 Enterprises Solutions, LLC; Frontier Communications
5 Corporation; New Communications of the Southwest, Inc.;
6 and New Communications Online and Long Distance, Inc.
7 for approval of the transfer of Verizon's local exchange
8 and long distance business, Docket No. T-01846B-09-0274,
9 et al. Unless somebody wants me to go through all the
10 docket numbers, we will leave it with that.

11 Good morning, or, I am sorry, good afternoon.
12 This is Belinda Martin, the administrative law judge. I
13 am assigned to this matter. I will be presiding over
14 the procedural conference.

15 May I please have appearances for the record.
16 For the applicant, Mr. Crockett.

17 MR. CROCKETT: Yes, Your Honor. Jeff Crockett
18 appearing on behalf of Frontier Communications
19 Corporation.

20 ALJ MARTIN: Okay. And with you today?

21 MR. CROCKETT: I am sorry. With me today is
22 Kevin Saville, who is an attorney with Frontier, Jack
23 Phillips in the regulatory group, and Kurt Huttshell in
24 the regulatory group.

25 ALJ MARTIN: All right. Mr. Hallam.

1 MR. HALLAM: Thanks, Judge. Mike Hallam on
2 behalf of Verizon. And I am joined by Kurt Rasmussen
3 from Verizon's regulatory affairs.

4 ALJ MARTIN: Thank you.

5 And on behalf of Staff? Ms. Scott?

6 MS. SCOTT: Yes. Thank you, Your Honor.
7 Maureen Scott on behalf of the Utilities Division Staff.
8 And with me today are Will Shand and Armando Fimbres.

9 ALJ MARTIN: Okay. And I believe that's
10 everybody. Have I left anybody out?

11 (No response.)

12 ALJ MARTIN: Okay. I will take that as a no.

13 All right. Mr. Crockett, Mr. Hallam, whoever
14 wishes to speak, the company filed this request for the
15 procedural conference, so if one of you could please
16 address what is at issue.

17 MR. HALLAM: Sure. This is Mike Hallam.

18 I can go ahead, Jeff, and you can jump in as you
19 see fit.

20 We asked and we appreciate, Judge, setting this
21 conference so quickly. Our hope was to get the parties
22 together and try to present to you a proposed schedule
23 for this matter. As I am sure you could anticipate from
24 our desire to do an expedited procedural conference, the
25 applicants are hoping to get somewhat of an expedited

1 schedule, procedural schedule, in place as well.

2 We have spoken to Staff today and have had a
3 little bit of back and forth about some possible dates
4 for testimony filing as well as a hearing date or dates
5 to propose to you. We had made another proposal to
6 Staff just a short while ago and have just, given the
7 timing, we were not able to get back together to get
8 Staff's ultimate reaction to that proposed schedule. So
9 we can certainly lay out for you what our last, the last
10 dates that we had proposed to Staff were, and obviously
11 Staff can react depending on what they heard and what
12 they discussed based on our proposal.

13 ALJ MARTIN: Okay. Mr. Crockett, do you have
14 anything to add to that?

15 MR. CROCKETT: I don't, Your Honor. That's
16 accurate.

17 ALJ MARTIN: Okay. Ms. Scott, before I address
18 what Mr. Hallam has to say, do you have anything you
19 wish to add?

20 MS. SCOTT: I would like to add that we took the
21 applicant's proposal back to the Director of the
22 Utilities Division. And he simply is unable, given
23 resource constraints which are quite severe at this
24 time, in addition to limited resources and an abundance
25 of matters that the Division is now handling, he is

1 simply unable to expedite this matter above many other
2 matters that are currently pending and have been pending
3 for some time.

4 So the Director has set some parameters for what
5 he felt or believed to be a reasonable schedule given
6 all of these various constraints. I don't believe it is
7 that far away from the latest proposal of the applicant,
8 but, again, the latest proposal of the applicant simply
9 could not be accommodated by Staff either because,
10 again, of the fiscal constraints right now and our
11 resource constraints and all of the matters that we are
12 trying to handle right now. So we do have a schedule
13 that we proposed to Verizon and Frontier. And we are
14 ready to share that with Your Honor at any time.

15 ALJ MARTIN: Okay. Before we get to the
16 discussion of any actual schedule, having heard what,
17 you know, Mr. Hallam and Mr. Crockett have requested and
18 what Ms. Scott had in response, the question I have for
19 Mr. Crockett and Mr. Hallam is: What is it about this
20 company's application that makes it such that this
21 matter should be expedited above everything that
22 Commission has going on at this time?

23 MR. CROCKETT: Your Honor, this is Jeff
24 Crockett.

25 (A teleconference recording sounded.)

1 ALJ MARTIN: Whoops. Did we lose somebody?

2 Hello?

3 MR. SAVILLE: I apologize.

4 MR. CROCKETT: Mike, is it okay if I take the
5 first crack at this?

6 MR. HALLAM: Sure.

7 MR. CROCKETT: Okay. Judge, let me say first
8 off we have proposed an expedited schedule for this
9 proceeding, but I don't, I don't know that we would
10 characterize our proposal as requesting that this be
11 moved to the head of the stack above everything else
12 that's on the Commission's plate. I mean we recognize
13 that there are applications and things in the pipeline.
14 We are simply trying to propose a schedule that gets
15 this transaction approved on a somewhat quicker time
16 frame than might otherwise occur. There are, I think,
17 two reasons that I would give for why we would like to
18 move this along.

19 First, this transaction is being approved in
20 multiple states, so we are trying to coordinate that
21 with other states. And right now the schedule that had
22 been proposed to Staff, and even the schedule that Staff
23 has proposed back to the companies, keeps this
24 transaction roughly on a timetable that gets it done
25 with the other transactions in other states. And that's

1 important.

2 And secondly, as Your Honor is probably aware
3 from following news reports, there are federal stimulus
4 dollars that are available right now and there are
5 different rounds of funding. And some of those dollars
6 that are available go to delivering broadband in rural
7 areas. And so Frontier has a plan to go after those
8 dollars to be able to facilitate service quicker,
9 broadband service quicker than might otherwise occur
10 without access to money. So we feel we probably missed
11 the first round of funding but we want to get in the
12 queue for the second round of funding. And we think
13 that would pay dividends for customers in Arizona by
14 allowing us to get to those federal dollars.

15 So I think those are the two primary drivers as
16 I see them. I guess I would kick it over to Mike Hallam
17 to see if there is anything he would like to add to
18 that.

19 MR. HALLAM: Sure. This is Mike Hallam. You
20 know, Jeff did an accurate job of describing the primary
21 reasons. I think it is -- I think he is correct. You
22 know, we certainly understand and respect the fact that
23 there are a number of matters in the pipeline. And our
24 hope is that this matter would only require either a
25 half day or a day of hearing, so it is not as if it

1 would take too much out of the schedule. But we
2 understand and recognize that Staff has a number of
3 matters it is working on and we are trying to -- you
4 know, the back and forth was an attempt to try to come
5 up with a schedule that would meet all those criteria.

6 ALJ MARTIN: Okay. Ms. Scott, one of the
7 reasons mentioned by the company for trying to move this
8 along quickly was the federal stimulus dollars available
9 for broadband development in rural area. Are you aware,
10 and this isn't critical, but are you aware that there
11 are any other applications other than this one for that
12 sort of thing?

13 MS. SCOTT: Your Honor, I am not. You know, and
14 if I could respond a little bit to what Mr. Crockett has
15 said regarding that, I would like that ability.

16 ALJ MARTIN: Yes, please.

17 MS. SCOTT: I can understand Frontier's desire
18 to obtain what stimulus funding is available for them.
19 What we are lacking, however, with respect to how that
20 would tie into any schedule here are the relevant dates.

21 Mr. Crockett indicated that they missed the
22 first date. I have no information as to that. I have
23 no information as to any subsequent dates and Frontier
24 is looking at that. I also have no information with
25 respect to Verizon's ability to request these funds on

1 its own behalf and then obtain those funds as part of
2 this combined entity.

3 So I do appreciate what Mr. Crockett has said.
4 But, you know, we have not been provided with any
5 information that would lead us to believe that the
6 schedule for those funds are such that this has to be
7 completed on an expedited basis, quicker than what Staff
8 has proposed.

9 ALJ MARTIN: Okay. What is it that the company
10 was looking to? Were the companies looking for me to
11 order Staff to work with you to come up with an
12 expedited? Because that's not something I am inclined
13 to do. But it sounds like Staff is willing to work with
14 you, to work with the companies to come up with a
15 reasonable schedule that works with their workload,
16 which is considerable, plus what the companies' desires
17 and needs might be.

18 Is that an incorrect characterization,
19 Mr. Crockett?

20 MR. CROCKETT: No, Your Honor. We are not, we
21 are certainly not asking you to order Staff to work with
22 us. I think we have gone back and forth this afternoon
23 with a schedule. And what I think we hope to come away
24 with today on this call is agreement between the
25 applicant and Staff regarding the schedule. And perhaps

1 what I might suggest is that we lay out for Your Honor a
2 schedule and talk about what the company has proposed
3 and what Staff has proposed and then see if there is a
4 way to tweak that schedule to the point where both sides
5 are satisfied with it.

6 ALJ MARTIN: Mr. Crockett, I am willing to do
7 that, but, and I will be glad to, I am just a little
8 perplexed as to why I am necessary for this process. If
9 you and Staff can work together and come up with
10 something that's amenable, you can file that and I can,
11 you know, if Staff is amenable to some expedited process
12 and work with the dates that work for them and for the
13 company, I can accept that. But if you -- I mean I am
14 willing to stay on the phone and go through this with
15 you if you like.

16 MS. SCOTT: Your Honor, I have --

17 ALJ MARTIN: Yes --

18 MS. SCOTT: -- a suggestion --

19 ALJ MARTIN: -- Ms. Scott.

20 MS. SCOTT: -- subject to being overruled by my
21 clients here. My suggestion would be, we did try very
22 hard to work out a schedule today, but my suggestion
23 would be that you give us maybe a day or two more and
24 that, if Mr. Crockett can come back to the Staff with a
25 demonstration why this case needs to be expedited beyond

1 what Staff can reasonably accommodate right now, I know
2 the Director will give some consideration to that. But
3 the Director has no information right now which would
4 allow him to believe that this case should be given
5 special treatment over the many cases that they are
6 dealing with right now. He simply has not been
7 presented with any information that would support
8 expedition in this case. So I mean maybe if
9 Mr. Crockett can come back with some dates in the next
10 day or two, if we are open, if --

11 ALJ MARTIN: If we are open, yes.

12 Mr. Crockett, I, you know, when I read the
13 motion to set this procedural conference, I was a little
14 surprised at the lack of any explanation as to why this
15 needed to be expedited. I am not suggesting that the
16 companies of course, by any stretch, are crying wolf and
17 are just trying to get this moved along knowing Staff's
18 constraints. But like Ms. Scott said, if you can
19 present some reason as to why this needs to be moved
20 along, I think that would probably be the best way to
21 go.

22 And I think I agree with Ms. Scott's suggestion,
23 to keep working with it, and then if something doesn't
24 happen, then come back before me and we can work out a
25 schedule. But it sounds like Staff is still willing to

1 work with you as long as you try to work with them,
2 which I think you are clearly. But I think that would
3 be the best thing to do at this point.

4 Mr. Hallam.

5 MR. HALLAM: Judge, certainly if that's your
6 desire, we will continue to work with Staff. And Staff
7 has been very helpful in working with us. It is just we
8 ran out of time this afternoon to come to some
9 agreement.

10 Just to back up, and I think Mr. Crockett
11 explained this, just so you understand our desire to
12 have you as part of the process, our ultimate goal would
13 be, and I know you understand this, but the reason we
14 wanted this conference was a desire to have a procedural
15 schedule set out in a procedural order. But certainly
16 if you would prefer that we make a joint filing with a
17 proposed schedule that you could put into a procedural
18 order, we will certainly abide by that.

19 ALJ MARTIN: I think that would be, my
20 preference would be to come to an agreement and then do
21 a joint filing of what that schedule might be rather
22 than have me, you know, throw the hammer down and say
23 no, this is what it is going to be. I would prefer the
24 parties to come up with an agreement between themselves;
25 if they can't, then file another request for a

1 procedural conference and we will do that.

2 But I think, Ms. Scott, especially since
3 whatever we come through with today, I would like the
4 Division head to agree to it. He has to oversee
5 everything that comes down from the Staff. So I think
6 that would be my preference.

7 And, you know, I understand that one of the
8 problems is that we don't know what is going to happen
9 tomorrow. You know, as far as we know we still don't
10 have a budget. So perhaps for the next half hour you
11 can talk about that. But I think Staff will probably
12 need to see something from the company stating --
13 companies, sorry -- stating why this needs to be
14 expedited. And if you can present something with Staff,
15 then Staff can go back to the Division head and say this
16 is why the company needs this and come up with
17 something.

18 Mr. Crockett, Mr. Hallam.

19 MR. CROCKETT: Your Honor, Jeff Crockett. That
20 sounds fine with us. And I -- again, Staff has been
21 working very cooperatively with us trying to come up
22 with a schedule. They are making an effort. And I
23 certainly acknowledge that. And we will go back, and I
24 think that we will get on the same page in terms of the
25 schedule that we can present to Your Honor hopefully

1 shortly here.

2 ALJ MARTIN: Okay, great.

3 Ms. Scott.

4 MS. SCOTT: That certainly is acceptable to
5 Staff, Your Honor.

6 ALJ MARTIN: Okay. All right. I am being an
7 optimist and assuming that we will have a budget by
8 midnight or shortly thereafter tonight and we will be
9 here tomorrow, and maybe something can get moving a
10 little more. But I will look forward to hearing
11 something positive from everybody very shortly about a
12 good schedule that works. All right?

13 Anything from anybody else? Any other issues
14 that need to be raised, Mr. Crockett?

15 MR. CROCKETT: None that I am aware of, Your
16 Honor.

17 ALJ MARTIN: Okay. Mr. Hallam.

18 MR. HALLAM: No, Judge. Thank you.

19 ALJ MARTIN: All right. Ms. Scott.

20 MS. SCOTT: No, Your Honor.

21 ALJ MARTIN: All right. Okay. Well, thanks
22 again to Snell & Wilmer for allowing us to set up a
23 conference call using their system. We appreciate that.
24 And I appreciate everybody's participation. Then I will
25 look forward to seeing a joint filing with a schedule

1 that works for folks hopefully. Otherwise, I will wind
2 up setting another procedural conference at the
3 companies' request.


4 Thank you very much. And we will go off the
5 record.

6 (The proceedings concluded at 4:23 p.m.)
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1 STATE OF ARIZONA)
2) ss.
3 COUNTY OF MARICOPA)
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7 I, COLETTE E. ROSS, Certified Reporter No.
8 50658 for the State of Arizona, do hereby certify that
9 the foregoing printed pages constitute a full, true and
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11 foregoing matter, all done to the best of my skill and
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13
14 WITNESS my hand this 6th day of July, 2009.
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21 Certified Reporter
22 Certificate No. 50658
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